Compliance With the International Public Sector Accounting Standards Relating to Disclosure in Algeria

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Abstracts: The present study aims at the highlighting of the disclosure standards in the international public sector accounting standards (IPSAS) as well as the implementation extent in the public accounting system in Algeria through the 18/15 organic law relating to the financial laws, in particular. In addition to that is the highlighting of a number of disclosure standards in international accounting, in general. The study adopted a descriptive, analytical approach to the disclosure standards relating to the public sector. The findings indicated that a number of disclosure standards relating to the public sector are implemented at 60%, which is a significant percentage that significantly contributes to the public sector modernization as well as the establishment of an effective, modern accounting system based on and mirrors transparency.

Keywords: International Public Sector Accounting System IPSAS, Disclosure, 18/15 Organic law, Algeria.

1 INTRODUCTION

The public sector is one of the most important sectors in Algeria, and accounting plays an important and effective role in the decision-making process at all levels of management. As accounting is essential for the monitoring and evaluation of the public entities, it is entrusted with the implementation of plans and programs that it develops and approves on all administrative levels. In any organization, senior management is considered one of the chief users of financial information for decision-making purposes and task performance such as planning, monitoring, control and performance evaluation. The value of financial information disclosure lies in the effective role it plays in all administrative processes, especially when the information is relevant and reflective of a credible financial reality. The list requires the display of high-fidelity information for reasons consistent with disclosure requirements. Any misguidance will lessen its value, which would consequently lead to misinformed decisions.

Since the two chief factions of accounting are assessment and information provision to stakeholders in order to make decisions, accounting rules and policies must be followed. The result is the deliverance of relevant economic and accounting information that expresses basic facts related to the reporting entity. Ergo, the study attempts to investigate, in general, a specific side of the international accounting standards (IPSAS International Public Sector Accounting Standards) issued by the International Federation of Accountants (IFAC). The prime mission of the federation is the serving of the public interest, and the global promotion of the accounting profession as well as the development of economies worldwide.

1.1 Problem Question

According to the aforementioned, the research problem could be stated as follows:

Q: To what extent the Algerian public sector accounting system is implementing the international public sector accounting standards related to disclosure?

1.2 Research Sub-questions

In order to answer the central research question, the following sub-questions must be answered.

Q1: What is the financial disclosure and what are its types?

Q2: What is the content of the disclosure standards introduced by in the International Accounting project?

1.3 Research Hypotheses

The advanced research questions prompt the advancement of research hypotheses, which could serve as potential answers. The hypotheses to be tested are as follows:

H_a: The Algerian modernization project of public accounting involves all the international public sector accounting standards relating to disclosure.

H_0: The Algerian modernization project of public accounting does not involve all the international public sector accounting standards relating to disclosure.

1.4 Research Significance

The study significance is illustrated in the vitality of the topic it addresses that is the international public sector accounting standards, especially since numerous countries are racing towards its adoption. The present study comes as an additional scientific contribution to the subject.

1.5 Research Objectives

The study aims at the highlighting of the international public sector accounting standards (IPSAS) relating to disclosure through the presentation of their content and implementation extent in Algeria.

1.6 Research Methodology

In order to answer the raised research questions and covers the different aspects related to the topic, the study relied on an inductive approach through description and analysis. The description and analysis included reviewing scientific books, references, and research with a view to draw conclusions that demonstrates the implementation extent.

2 LITERATURE REVIEW

2.1 Study n°01: Akram Chetih (2020) the impact of adoption of the international public sector accounting standards (IPSAS) as a mechanism to modernize Algeria's public budgeting system.

The study illustrates a Phd Thesis in commercial sciences at Yahia Fares University of Medea Algeria. The study portrayed the adoption impact of the international public sector accounting standards (IPSAS) on the governmental financial performance. To attain this goal, in the one hand, the study's theoretical part discussed in two sections the key concepts of public sector accounting and the government's financial performance aspects, measurement and evaluations methods. On the other hand, the practical part discussed in two sections the cases of France and Algeria depending on French financial reports and the questionnaire instrument. The study concluded that, in accordance with international public sector accounting standers (IPSAS), Algeria is gradually moving towards accrual accounting as the standards accounted for 53% change in its governmental financial performance.

2.2 Study n°02: Amina Hana Djabi (2019) the adoption impact of the international public sector accounting standards (IPSAS) on the Algerian public accounting system.

The study represents a Phd Thesis in commercial sciences at Ferhat Abbas University of Setif1 Algeria. The study investigated the expected adoption impact of international public sector accounting standards (IPSAS) on the public accounting system. The standards provide a considerable degree of both accountability and transparency as well as comparison facilitation between the various financial reports from various countries. The Algerian public accounting system shortcomings have been highlighted with the reformation urgency in accordance with the IPSA standards also. Additionally, the study highlighted the reform projects introduced by the Ministry of Finance in an effort to reform the countries' financial and accounting system following the state's budgetary system and financial plan modernization project inspired by the international accounting standards. Besides that, the study highlighted the compatibility of the novice framework and the potential standards' application challenges. This particular study employed the questionnaire instrument in sample probing of expert accountants and bookkeepers, cashiers, and public accountants. The approach was not preferable because the standards were not applied in Algeria leading to insufficient information delivered by the sample on the subject. Contrary to the latter, the present study headed directly for the public body and employed the experimental approach.

2.3 Study n°03: Asia Kemmou (2018) the role of the international public sector accounting standards (IPSAS) mechanisms in the public fonds corruption combatting as a prospective study in Algeria.

The study portrays a Phd Thesis in the sciences of management at Kasdi Merbah University of Ouergla Algeria. The study tried to identify the international public sector accounting standards (IPSAS) the combatting possibility of public funds corruption, and the availability of the necessary elements and requirements to effectively do so, alongside the obvious obstacles and challenges facing Algeria and limiting the effectiveness of the standards in the Algerian context. The study employed a descriptive analytical approach and among the reached conclusions is the essentialness of the public funds to the state's all level development and the imperativeness or its protection from both wastage and embezzlement, which are two of the various worldwide spreading manifestations of corruption. As clear as it is, corruption is existing as long as man exists, but that does not explain nor necessitate being passive in the face of this escalading rapidly spreading phenomenon. The study also considered the international accounting standards the product of globalization that are receiving wide acceptance around the globe, which made them an easy comparison tool and transparency promotion. Leading to this is the qualitative characteristics of their financial statements and the advantages resulting from the basic application of accrual accounting. Furthermore, the study evaluated the developed public budgeting project. The French experiment in the implementation of the international public sector accounting standards (IPSAS) was the focus with emphasis on the organic law relating to the financial laws.

2.4 Accounting Disclosure

The accounting disclosures are issued to provide the necessary information that is expected to be of influence for the decision-makers about the reporting entity. To this particular end, the financial reports have to include at least the minimum of the necessary information to avoid any decision misleading and protect the financial wellbeing of those of interest[i]. Despite being a means to an end, these information are considered as a source of benefit for the users. As such, the value relevance of accounting information is assessed according to the benefit rate it delivers to the users[ii].

Mohamed Ghaled Al-Tahan[iii] indicated that two categories of information are to be disclosed. The first category involves financial information included in the financial statements and the accompanying explanations to eliminate any item related ambiguity of the followed accounting policies, methods, or rules and their related changes. The second category involves non-financial information including the entity's address, activity nature, all to the original owners' profile and their status within the reporting entity. In his disclosure definition, Ali Abdel Samad Omar[iv] identified the transparency. To him, disclosure is delivering relevant and correct accounting information to assist users make informed decisions. The information has to be efficient and far from being misleading in any respect in order to serve and protect the users' best interest.

In conclusion, disclosure can be said to be the preparation and presentation of information, either quantitative or quantitative or in other words numerical or descriptive, within financial statements, margins, footnotes, and schedules in compliance with the theoretical accounting framework. The information has to be disclosed in a comprehensive, relevant, correct, and timely fashion to avoid the reporting of any stale financial information.

2.5 Accounting Disclosure Types

From a **comprehensiveness perspective**, accounting disclosure includes:

2.5.1 Full disclosure

Full disclosure necessitates accurate representation of economic events in such a manner that no important, influential information is concealed from the users. The disclosure is not just limited to the events within the accounting period, but also extends to include certain events related to the end of the accounting period because the reporting end-date significantly impacts the statements' users.

Full disclosure under the modern accounting model operates under four assumptions:

- Ensuring that accounting information meets the needs of external users by providing a set of the common financial reports and statements,
- Assuming that the external users' needed information is relevant to the organization's income and assets;
- Assuming that the basic financial statements are: the balance sheet, the income statement, the statement of change in equity, and the cash flow statement,
- Assuming that completing a general financial statement is considered one of the most proper forms of disclosure from a cost-benefit comparative perspective.

2.5.2 Adequate Disclosure

Adequate disclosure guarantees minimum information disclosure to ovoid misleading financial statements' users. Depending on the users' interests and needs, the extent of the disclosed information varies accordingly. The issue lies in the determination of the minimum information to be disclosed because it also depends primarily on the same interests and needs since it affects directly the decision-making.

From the **fairness perspective,** accounting disclosure includes:

2.5.3 Fair Disclosure

Fair disclosure necessitates presenting the financial statements and reports in such a manner that guarantees that the interests of one party do not overweighs the interest of the other by considering the needs of all parties using the financial information in a balanced manner[v].

2.5.4 Differential Disclosure

Differential disclosure depends on brief annual reports under the pretext that a number of shareholders need full disclosure. However, many amongst them need only summarized information with specific technical analysis that focus on differentiation and discrepancy between the items. The later can be realized through illustrative comparisons of the fundamental changes and determine their general direction. Nonetheless, this type of disclosure is still controversial and generally unacceptable because proponents of the trend assume an investor who is less knowledgeable and understanding than the average investor assumed by the accounting profession[vi].

From the **purpose perspective,** accounting disclosure includes:

2.5.5 Preventative Disclosure

Preventative disclosure is concerned with the simplification of the disclosed information in order to be as comprehensible to the investor with modest knowledge. In other words, to emphasize the objective information that can be perceived as unclear to the modestly knowledgeable investor. The preventative disclosure illustrates the traditional trend that aims at the protection of the limited and modestly knowledgeable investor (Lotfi, 2007, p. 33).

2.5.6 Informative Disclosure

Informative disclosure is considered the modern trend concerned with both quantitative and qualitative; financial and non-financial information necessary for decision-making such as disclosure of financial forecasting of capital spending, capital planning, and funding resources. The modern trend assumes a prudent investor with extensive knowledge capable of performing the necessary analysis, comparisons, and predictions in a professional manner. What distinguishes informative disclosure is that it is comprehensive and inclusive of traditional disclosure adding a new set of disclosure statements including the value-added taxation and effect of price level changes. The modern trend shifted focus from basic financial statements of general purpose to interim financial statements and financial forecasting statements of specific purpose[vii].

2.6 Accounting Disclosure in the Public Sector

Due to its imperative role in the process of economic development, There is a pressing need for the modernization of the process of government financial disclosure. Governments have to provide clear, comprehensible, and dependable information for the elected representatives, taxpayers, and paying investors. For that reason, it is believed that modernization should be promoted in order to deliver accurate and timely information for the monitoring of governmental performance, in addition to true demonstration of democracy. The previous was stated in the first statement issued by the United States Government Accounting standards Board (GASB) of 1978 “The Board believes that financial reporting plays a major role in fulfilling government’s duty to be publicly accountable in a democratic society”. In recent years, there has been a growing interest regarding the quality and adequacy of governmental bodies’ financial information for sound decision-making. Accounting disclosure soundness of governmental entities depends on declared information’s reliability and accuracy and comprehensiveness of all the governmental entity’s activities.

2.7 Accounting Disclosure in the Light of International Standards

2.7.1 Disclosure Standards

In this section there will be discussion on the disclosure standards including: standard n°01, standard n° 03, and standard n°22 of the International public sector accounting standards relating to disclosure and the standard n°22 of the International public sector accounting standards relating to disclosure of financial information about the general government sector.

2.7.1.1 International Accounting Standard N°01 (IPSAS 1) --- Presentation of Financial Statements

The first standard of the International Public Sector Accounting Standards (IPSAS) was issued in January 2000. The standard is essentially inspired from the International Accounting Standard N°01 (IAS 1). The standard was effective for financial reporting for the fiscal years after July 1st of 2001. The standard was revised in 2006 and amended in 2010 following the improvement project of the International Public Sector Accounting Standards (IPSAS) to align with the International Accounting Standards (IAS)[viii].

2.7.1.1.1 Objective and Qualitative Characteristics of Accounting Information

The first standard prescribed the presentation of general purpose financial statements and defined in appendix "A" the four main qualitative characteristics of accounting information. Meaning the features that make useful to the users the information provided in the financial statements that are as follows:

1. Understandability

The information is considered as understandable when users are expected to reasonably understand its meaning. Accordingly, users are expected to have the minimum needed knowledge about the entity's activities, its operating environment, and be willing to study the information with reason. The information must not exclude complex event from the financial statement just because it might be difficult to understand to some users.

2. Relevance

The information is considered as relevant when users can use it to assess prior, current, and future events as well as to confirm or correct. For that to be guaranteed, it must be reported on a timely basis. Information relevance can be affected by its nature and materiality or relative importance. Information materiality depends on if omission or misstatement could influence users' decisions or the assessments that were based on the financial statement. Materiality depends on the nature and size of the item and the estimated error under certain circumstances as determining factor of information omission or misstatement. For these reasons, materiality provides either a starting or a stopping point rather than being a deterministic characteristic of information usefulness.

3. Reliability

The information is considered reliable when it is free of material errors and bias, also be user dependable in order to faithfully represent what is should be representing or what it is expected to represent.

4. Comparability

The information is considered as comparable when users are able to identify similarities and differences between the current and other financial reports. Comparability can be applicable between the financial information of various entities and between various accounting periods of the same entity. One of comparability's significant underlying implications is the need to inform users on the accounting policies, their changes, and their effects involved in the preparation of financial statements. Since users are interested in comparing the entity's financial performance over time to identify trends, it is imperative to present comparative information of prior periods.

2.7.1.2 International Accounting Standard N°03 (IPSAS 3) --- Accounting Policies, Changes in Accounting Estimates and Errors

The third standard of the International Public Sector Accounting Standards (IPSAS) was issued in January 2000. The standard is primarily inspired from the International Accounting Standard N°08 (IAS 8). The standard was effective for financial reporting for the fiscal years beginning July 1st of 2001. The standard was revised in 2006 and amended in 2010 following the improvement project of the International Public Sector Accounting Standards (IPSAS) to align with the International Accounting Standards (IAS)[ix].

2.7.1.2.1 Standard Objective

The standard prescribed the selection and change criteria of accounting policies, treatment and disclosure of accounting policies' changes, accounting estimates' changes, and error corrections. According to this standard, accounting policies illustrate a set of specific principles, bases, conventions, and rules adopted by the entity in the preparation of its financial statements. Financial statements that present relevant and reliable information, which reflect not only the legal form but also the transactions' economic substance; in addition to that, they present also over-time comparability. Relatively to this standard, a change in the accounting basis, reconsideration of the measurement, recognition and treatment of a transaction is considered a change in the accounting policy that should be disclosed and applied retrospectively as far back as possible to prior periods. By determining the cumulative effect of the change, it would be possible to adjust the opening balance of each component affected of net assets/equity.

2.7.1.3 International Accounting Standard N°20 (IPSAS 20) --- Related Party Disclosure

The twentieth standard of the International Public Sector Accounting Standards (IPSAS) was issued in January 2002. The standard is primarily inspired from the International Accounting Standard N°24 (IAS 24). The standard was effective for financial reporting for the fiscal years beginning July 1st of 2001. The standard was revised in 2006 and amended in 2010 following the improvement project of the International Public Sector Accounting Standards (IPSAS) to align with the International Accounting Standards (IAS).

2.7.1.3.1 Standard Objective and Enclosed Definitions

The standard seeks to ensure the disclosure about any related parties to the entity as it required the disclosure of both existing related control party relationships and transactional information with the related parties. A number of the terms used in this standard are defined as follows:

1. **Key management personnel who are:**

   A. All directors or members of the governing body of the entity;

   B. Other persons having the authority and responsibility for planning, directing, and controlling the activities of the reporting entity.

2. **Related party: means parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control. Related parties include:**

   A. Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the reporting entity;

   B. Associates (see IPSAS 7, Investments in Associates);

   C. Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;

   D. Key management personnel, and close members of the family of key management personnel; and

   E. Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence

3. **Related party transaction: is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.**

2.7.1.3.2 Disclosure

1. **Disclosure of Control**

Related party relationships where control exists shall be disclosed, irrespective of whether there have been transactions between the related parties (Par. 25).

2. **Disclosure of Related Party Transactions**

In respect of transactions between related parties, other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favorable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances, the reporting entity shall disclose:

A. The nature of the related party relationships;

B. The types of transactions that have occurred; and

C. The elements of the transactions necessary to clarify the significance of these transactions to its operations and sufficient to enable the financial statements to provide relevant and reliable information for decision making and accountability purposes (Par. 27).

2.7.1.4 International Accounting Standard N°22 (IPSAS 22) --- Disclosure of Financial Information about the General Government Sector

The twenty second standard of the International Public Sector Accounting Standards (IPSAS) was issued in December 2006 and amended in 2011.

2.7.1.4.1 Standard Objective

The standard prescribed governmental requirements of disclosure as it chooses to present in the consolidated financial statements information related to the general government sector (GGS). The appropriate information disclosed strengthens financial reports transparency and contributes more to the understanding of the relations between government's market and non-market activities as well as that between financial reporting statistical basis and financial statements (Par. 01).

2.7.1.4.2 Disclosure of Accounting Policies

1. **Financial information about the GGS shall be disclosed in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the government, except as required by paragraphs 24 and 25 (Par. 23).**

2. **In presenting financial information about the GGS, entities shall not apply the requirements of IPSAS 6, Consolidated and Separate Financial Statements, in respect of entities in the PFCs and public NFCS sectors (Par. 24).**

3. **The GGS shall recognize its investment in the PFC and public NFCS sectors as an asset, and shall account for that asset at the carrying amount of the net assets of its investees (Par. 25).**

2.7.1.4.3 Disclosures about the General Government Sector

1. Disclosures made in respect of the GGS shall include at least the following (Par. 35):

A. Assets by major class, showing separately the investment in other sectors;

B. Liabilities by major class;

C. Net assets/equity;

D. Total revaluation increments and decrements and other items of revenue and expense recognized directly in net assets/equity;

E. Revenue by major class;

F. Expenses by major class;

G. Surplus or deficit;

H. Cash flows from operating activities by major class;

I. Cash flows from investing activities; and

J. Cash flows from financing activities.

2. Entities preparing GGS disclosures shall disclose the significant controlled entities that are included in the GGS, and any changes in those entities from the prior period, together with an explanation of the reasons why any such entity that was previously included in the GGS is no longer included (Par. 40).

2.7.1.5 Users of Accounting Information

2.7.1.5.1 Public

This category is considered one of the main users of the information published in financial reports for public use, and it includes: taxpayers, service recipients and the public in general. Concerning taxpayers, they have the reassurance right that their money is being spent as intended leading in turn to growing confidence that what they pay is necessary and directed to the provision of public services. Information about government programs and activities enables the public to evaluate the justice level in services equal distribution. The need for information is mainly focused on the services' level, quality, increasing, controlling, and monitoring[x].

2.7.1.5.2 Legislative bodies

As the direct representative of citizens, this category has a considerable weight. The legislative bodies exercise their duties through the information obtained from the financial statements published at the end of the period, periodic reports, and the external oversight reports. Through that, it also monitors and evaluates the performance of the executive authority, its commitment extent to the general budget law, and hold it accountable for any deviations. The information also aids the legislative authority in the setting of future plans and approval of future public budgets.

2.7.1.5.3 Lenders and lending agencies

This category includes experts in government affairs working for commercial banks, government bonds specialists, and all those concerned with lending money to the government. Lenders require the information of the government's revenue and spending, deficit, borrowing, or financial liabilities, the total assets, the amounts payable, the total liabilities and revenue, and their resources.

2.7.1.5.4 Investors and Creditors

This category has a basic requirement for information, as it is linked to investment decisions-making. Information about the government's ability to meet its current and future obligations, the efficiency of the information it provides, the total leads to painting a holistic picture of the government's financial situation, which in turn leads to making their own decisions.

2.7.1.5.5 Economists, Researchers, and Educators

Economists use government financial information to study the size of government revenues and spending, make economic forecasts, and measure the efficiency of government spending according to the programs and activities. Researchers and educators use government accounting information to study and analyze the government's economic situation, to aid it in the making of appropriate economic decisions and develop government laws.

2.7.1.6 International Accounting Standard N°24 (IPSAS 24) --- Representation of Budget Information in Financial Statements

The twenty fourth standard of the International Public Sector Accounting Standards (IPSAS) was issued in December 2006 and amended in 2011.

2.7.1.6.1 Standard Objective

This Standard requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s), and for which they are, therefore, held publicly accountable. This Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts (Par. 01). The entity presents this budgetary information as a separate additional statement or as budget columns in the financial statements presented in the International Public Sector Accounting Standards.

In order to realize transparency in public funds management, public sector entities must provide the original and final budget financial statements to the various user categories of government financial statements, and present them on a comparable basis between the estimated and actual amounts and make them available to the public. Government entities must also provide explanations about whether the changes between the original and final budget are a consequence of reallocation within the budget or of other factors.

2.8 Presentation of the Standards Adopted in the Algerian Modernization Project Relating to Disclosure

In the modernization context of the public accounting system in accordance with international public sector accounting standards, a guide has been drafted containing a set of accounting standards for the public sector that are compatible with the Algerian accounting reality within the framework of what is known as the fragmentation of international standards. Where in, international and French standards were studied by the authorities responsible for the modernization project where a set of 17 combined standards between international and French standards that can be applied in Algeria have been adopted. Out of which, 12 standards were adopted from international standards and 5 from the French standards, in addition to the conceptual framework, which came as a separate standard.

IPSAS Standard No. 01: Presentation of financial statements

IPSAS Standard No. 03: Accounting Policies, Changes in Accounting Estimates and Errors

IPSAS Standard No. 24: Representation of Budget Information in Financial Statements

In accordance with the standards' updated draft for the year 2019, the public sector accounting standards were referred to as state accounting standards (les normes comptables de l'état NCE). After the present study and analysis of the aforementioned standards, it was clear that Algeria adopted the indirect method in the adoption of international public sector accounting standards. The act was realized through adaption of the standards in accordance with the public accounting setting in Algeria. Although some international standards were adopted as they are, it adopted some French standards following the similarity of the French and Algerian accounting situation. Additionally, the reliance on some of the accounting rules included in the Financial Accounting System (FAS) that was explicitly mentioned in the opening introduction to the standards as well as the evaluation methods in some standards. Algeria implemented international public sector accounting standards by 42/12*100=28.57%. Thus, Algeria has implemented less than 30% of international public sector accounting standards, and implemented the disclosure standards by 5/3*100=60%.

What can be observed is that through the 18/15 organic law relating to the financial laws, Algeria has implemented about 60% total of the international public sector accounting standards. The indication is that the Algerian public accounting system places significant importance on disclosure standards through electing to implement the international standards.

Based on this, it is expected to achieve numerous advantages and gains from the appropriate and effective implementation of the International Public Sector Accounting Standards (IPSAS), by approximating the national accounting practices with that of the international within the framework of accounting globalization. The latter has created an integration, so to speak, between international accounting standards and the International Financial Reporting Standards (IAS/IFRS), as well as the International Accounting Education Standards (IAES) and the International Standards for Auditing (ISA).

CONCLUSION

The present study discussed the concept of international public sector accounting standards relating to disclosure, along with their importance and content. In addition to that, it discussed the importance of the public accounting modernization project in Algeria. The study included also presentation of the international accounting standards relating to disclosure by presenting the extent to which Algeria is implementing the disclosure standards in the public sector. The Algerian public sector accounting standard draft included 60% of international public sector accounting standards relating to disclosure, which is a fact that significantly facilitates the optimization of the Algerian public administration and aids the accounting system to equate with the new trend towards modernizing public accounting to the enhancement of transparency, credibility and confidence in financial statements issued by the governmental entities since they manage the public funds.

The Study has Reached the Following Results

International Public Sector Accounting Standards provide optimal treatment of accounting practices that are in line with the conventional international requirements for non-profit government entities in the prime objective of materializing transparency and credibility in their financial statements.

In the quest of modernizing the public accounting system in Algeria in compliance with international public sector accounting standards, Algeria has adopted 12 standards to date that are compatible with the Algerian setting by 28% of the total international standards. With relevance to the disclosure standards, to date, Algeria has implemented about 60% of the total disclosure standards in international public sector accounting.

The Study Advances the Following Recommendations

For an effective work on the modernization of the public accounting system in Algeria through the modernization of the various state financial institutions and bodies to synchronize with the current technological developments, considering the Algerian accounting setting when finalizing the draft of the international public sector accounting standards is a must. Reason behind the consideration is that the latter determines the working specifications of the monitoring and evaluation committee of the disclosure standards implementation in the public sector.

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